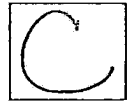


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



WS-02672A
Cloud Nine Water Company Inc.
96 Bel Aire Pl., Ste 140
Sierra Vista, AZ 85635

RECEIVED

APR 13 2007

AZ CORP COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
----	----	------

FOR COMMISSION USE

ANN 04	06
--------	----

PROCESSED BY:

4-16-07 RF

SCANNED

S-14-07

COMPANY INFORMATION

Company Name (Business Name) <u>CLOUD NINE WATER COMPANY, INC.</u>			
Mailing Address <u>96 BEL AIRE PLACE, STE 140</u>			
<u>SIERRA VISTA</u> (City)	<u>AZ</u> (State)	<u>85635</u> (Zip)	
<u>520-458 1311</u> Telephone No. (Include Area Code)	<u>520-458 4532</u> Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			
Local Office Mailing Address <u>as above</u>			
(Street)			
(City)			
(State)			
(Zip)			
Local Office Telephone No. (Include Area Code)			
Fax No. (Include Area Code)			
Pager/Cell No. (Include Area Code)			
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>Jean Mitchell</u>			
(Name)			
<u>Office Manager</u>			
(Title)			
<u>96 Bel Aire Place, Ste 140</u> (Street)	<u>Sierra Vista</u> (City)	<u>AZ</u> (State)	<u>85635</u> (Zip)
<u>520-458 1311</u> Telephone No. (Include Area Code)	<u>520-458 4532</u> Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>Jean Mitchell</u>			
(Name)			
<u>as above</u>			
(Street)			
(City)			
(State)			
(Zip)			
Telephone No. (Include Area Code)			
Fax No. (Include Area Code)			
Pager/Cell No. (Include Area Code)			
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: <u>Eugene C. Gieseler</u>			
(Name)			
<u>3040 E. Sunrise Dr, Ste 200</u>	<u>Tucson</u>	<u>AZ</u>	<u>85713</u>
(Street)	(City)	(State)	(Zip)
<u>520-792 1131</u>	<u>520-792 2859</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney: <u>Eugene C. Gieseler</u>			
(Name)			
<u>As above</u>			
(Street)	(City)	(State)	(Zip)
<u></u>	<u></u>	<u></u>	<u></u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input checked="" type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME CLOUD NINE WATER COMPANY, INC.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	50,000	18,854	31,146
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	41,062	14,526	26,536
311	Pumping Equipment	78,350	37,223	41,627
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	58,755	44,191	14,564
331	Transmission and Distribution Mains	23,805	17,912	5,893
333	Services			
334	Meters and Meter Installations	315	294	21
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	1,485	1,114	371
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	254,272	134,114	120,158

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

CLOUD NINE WATER COMPANY, INC.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	50,000	2.5%	1,250
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	41,062	5% + 2%	1,383
311	Pumping Equipment	78,350	5% + 4%	3,625
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	58,755	5%	2,938
331	Transmission and Distribution Mains	23,805	5%	1,191
333	Services			
334	Meters and Meter Installations	315	-	-
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	1,485	5%	74
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	254,272		10,461

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

COMPANY NAME

CLOUD NINE WATER COMPANY, INC.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 3,938	\$ 32
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 3,938	\$ 32
	FIXED ASSETS		
101	Utility Plant in Service	\$ 231,930	\$ 254,272
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(123,653)	(134,114)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 108,277	\$ 120,158
	TOTAL ASSETS	\$ 112,215	\$ 120,190

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME CLOUD NINE WATER COMPANY, INC.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	36,325	67,936
235	Customer Deposits		
236	Accrued Taxes	97	86
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	4,149	-
	TOTAL CURRENT LIABILITIES	\$ 40,571	\$ 68,022
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ -	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ -	\$ -
	TOTAL LIABILITIES	\$ 40,571	\$ 68,022
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 200,000	\$ 200,000
211	Paid in Capital in Excess of Par Value	3,503	3,503
215	Retained Earnings	(131,859)	(151,335)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 71,644	\$ 52,168
	TOTAL LIABILITIES AND CAPITAL	\$ 112,215	\$ 120,190

COMPANY NAME CLOUD NINE WATER COMPANY, INC.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 14,528	\$ 13,537
460	Unmetered Water Revenue		
474	Other Water Revenues	120	1175
	TOTAL REVENUES	\$ 14,648	\$ 14,712
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water	1	
615	Purchased Power	18,341	18,125
618	Chemicals		
620	Repairs and Maintenance	554	1,755
621	Office Supplies and Expense	333	49
630	Outside Services	1,515	2,365
635	Water Testing	2,530	4,503
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	2,578	2,061
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	45	691
403	Depreciation Expense	9,376	10,461
408	Taxes Other Than Income		
408.11	Property Taxes	1,486	1,656
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 36,758	\$ 41,666
	OPERATING INCOME/(LOSS)	\$ (22,110)	\$ (26,954)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ —	\$ —
	NET INCOME/(LOSS)	\$ (22,110)	\$ (26,954)

COMPANY NAME CLOUD NINE WATER COMPANY, INC.

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ —

Meter Deposits Refunded During the Test Year \$ —

COMPANY NAME	CLOUD NINE WATER COMPANY, INC.
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
	30			4"		
	40			4"		

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1		
15	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
300,000	1	5,000 ea	2

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	CLOUD NINE WATER COMPANY, INC
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	14"	400
3		500
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	4A
3/4	
1	
1 1/2	2
2	1
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

BOOSTER PUMPS - 1 x 5HP, 1 x 15HP
 STORAGE TANKS - 1 x 300,000 GALS
 PRESSURE TANKS - 2 x 5,000 GALS EA.

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME:	CLOUD NINE WATER COMPANY, INC.
Name of System	ADEQ Public Water System Number (if applicable)

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY			430,380	
FEBRUARY			699,700	
MARCH			896,300	
APRIL			1,155,700	
MAY			1,187,100	
JUNE			1,128,700	
JULY			1,097,200	
AUGUST			1,028,100	
SEPTEMBER			959,300	
OCTOBER			811,400	
NOVEMBER			524,900	
DECEMBER			427,200	
TOTALS →			10,345,980	

What is the level of arsenic for each well on your system? <0.001 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☒ Yes ☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount:

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME CLOUD NINE WATER COMPANY, INC. YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 1,656.

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. N/A

COCHISE COUNTY TREASURER
Receipt of Taxes Paid

Date: 27 Oct 2006 Time: 12:27:10

Page: 1
Cashier: BBR

Tax Year	Parcel	Portion	Roll #	Tax Paid	Interest Paid	Penalty Paid	Paid
2006	10750292007	1	00-31672	238.19			238.19
2006	10750293000	1	00-31673	65.11			65.11
2006	94456830028	1	01-17589	113.94			113.94
2006	94456870006	1	01-17590	361.40			361.40

Payment type: Check# 1805

Payment Received: \$ 778.64

Base tax due: .00
Notes:

Received from:

CLOUD 9 WATER CO INC
96 BEL AIRE PLACE, SUITE 140
SIERRA VISTA AZ 85635

06-107-50-292-7B7c
CLOUD 9 WATER COMPANY, INC.

96 BEL AIRE PL STE 140
SIERRA VISTA, AZ 85635

1805

DATE 10/27/06

91-170/1221 AZ
8524

PAY TO THE ORDER OF Marsha Bonham, Cochise County Treasurer

\$ 778.64

Seven hundred seventy eight dollars & 64/100

DOLLARS

Security features
are included.
Details on back.

Bank of America



ACH R/T 122101706

FOR _____

L Jean Mitchell

MP

⑈001805⑈ ⑆122101706⑆ 000073784184⑈

⑈0000077864⑈

OCT 30 106

6015 53513

DATE 10/31/06
AMERICAN CHASE BANK
FORT WORTH, TX 76102
11190103

ARIZONA

ACREAGE:	3.02	JURISDICTION	2006 TAXES	2005 TAXES
0031672				
SITUS ADDRESS:		02000 COCHISE COUNTY	146.47	134.12
		04155 CTY SIERRA VISTA	7.21	6.55
		05068 SV SD #68	142.90	157.19
LEGAL DESCRIPTION:		06104 SIERRA VISTA UHS	62.69	94.25
35MIN E270.1' N25DEG 25MIN E197.58' N18DEG 44MI		08150 JUNIOR COLLEGE	89.75	81.59
IN NE4 BY N&B BEG 1021.87'S & S50DEG 34MIN W95' F		11900 FIRE DIST ASST	4.96	4.84
ROM NE COR OF NE4 THN N36DEG 21MIN W157.45'		14900 LIBRARY DIST	8.38	8.38
S52DEG 47MIN W292.16' S10DEG 45MIN W130' TH N4		15000 FLOOD CONTROL	14.02	14.02
9DEG 00MIN W25' M/L S10DEG 45MIN W240' M/L		02001 SCH EQUALIZATION	0.00	19.90
S43DEG 49MIN W455.23' N65DEG 36MIN E262.8' N60DEG				

This is the only notice you will receive.

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

**THIS IS A
CALENDAR YEAR
TAX NOTICE**

TOTALS	476.38	520.84
--------	--------	--------

107-50-292 7



0032389 01 AV 0.293 **AUTO TO 0 0786 85635-274240



MOONGLOW REAL ESTATE LLC
96 BEL AIRE PL STE 140
SIERRA VISTA AZ 85635-2742

PAYMENT INSTRUCTIONS

To pay the 1st half installment, send the 1st half coupon with your payment postmarked no later than Nov. 1, 2006. To pay the 2nd half installment, send the 2nd half coupon with your payment postmarked no later than May 1, 2007. To pay taxes for the full year if the entire amount billed exceeds \$100, send the 1st half coupon with your payment postmarked no later than Dec. 31, 2006. Delinquent interest will be waived.

Make your check payable to and mail to:

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

PLEASE INCLUDE YOUR
PARCEL NUMBER
ON YOUR CHECK.

2006 PROPERTY TAX NOTICE

ARIZONA

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE	2006 TAX SUMMARY	
107-50-293 0	6830	6.8648	2.4362		PRIMARY PROPERTY TAX	96.10
					LESS STATE AID TO EDUCATION	0.00
					NET PRIMARY PROPERTY TAX	96.10
					SECONDARY PROPERTY TAX	34.12
					SPECIAL DISTRICT TAX	0.00
					TOTAL TAX DUE FOR 2006	130.22

0031673
 SITUATION ADDRESS:
 LEGAL DESCRIPTION:
 7/98 LV SITE VALUE
 IN ME4 BY M&B BEG AT NE COR OF LOT 306 IN CLOUD 9
 RANCH ESTATES THN N41DEG 30MIN W20' TO POB THN
 ON CURVE TO RT SWLY ON A RADIUS OF 470' A DISTANCE
 OF 354.06' N01DEG 05MIN E117.83' E322.23' TO
 POB SEC 6 22 21 .507AC

JURISDICTION	2006 TAXES	2005 TAXES
02000 COCHISE COUNTY	40.82	41.12
04155 CTY SIERRA VISTA	2.01	2.01
05068 SV SD #68	38.66	45.28
06104 SIERRA VISTA UHS	16.61	26.63
08150 JUNIOR COLLEGE	25.02	25.02
11900 FIRE DIST ASST	1.29	1.25
14900 LIBRARY DIST	2.17	2.17
15000 FLOOD CONTROL	3.64	3.64
02001 SCH EQUALIZATION	0.00	6.10

This is the only notice you will receive.

Marsha Bonham
 Cochise County Treasurer
 PO Box 1778
 Bisbee AZ 85603-2778

THIS IS A
 CALENDAR YEAR
 TAX NOTICE

TOTALS 130.22 153.22

107-50-293 0

0032390 01 AV 0.293 **AUTO TO 0 0786 85635-274240



MOONGLOW REAL ESTATE LLC
 96 BEL AIRE PL STE 140
 SIERRA VISTA AZ 85635-2742

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 Bisbee AZ 85603-2778

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 PARCEL NUMBER
 ON YOUR CHECK.

2006 PROPERTY TAX NOTICE

ARIZONA

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE	2006 TAX SUMMARY	
944-56-870 6	6870	6.7213	5.2872		PRIMARY PROPERTY TAX	411.68
					LESS STATE AID TO EDUCATION	0.00
					NET PRIMARY PROPERTY TAX	411.68
					SECONDARY PROPERTY TAX	311.12
					SPECIAL DISTRICT TAX	0.00
					TOTAL TAX DUE FOR 2006	722.80

ASSESSMENT	VALUE IN DOLLARS	ASSTMT %	ASSESSED VALUE	EXEMPTIONS	TAX RATE	NET ASSESSED	2006 TAXES	2005 TAXES
PRIMARY LAND, BLDGS, ETC	5,000	24.5	1,225	0	6.7213	82.34	178.61	176.24
PRIMARY PERSONAL PROPERTY	0	0.0	0	0	0.0000	0.00	169.12	194.04
PRIMARY TOTALS	5,000		1,225	0		82.34	72.70	114.15
SECONDARY LAND	5,000	24.5	1,225	0	5.2872	64.78	109.44	107.21
SECONDARY BLDGS, ETC	20,000	24.5	4,900	0	5.0275	246.34	174.62	171.05
SEC. PERSONAL PROPERTY	0	0.0	0	0	0.0000	0.00	5.63	5.38
SECONDARY TOTALS	25,000		6,125	0		311.12	9.50	9.31
							3.18	3.25
							0.00	26.15

0117590

SITUS ADDRESS:
NULL

LEGAL DESCRIPTION:

TOTAL VALUE OF OPERATING PROPERTY ✓
107-50-294 5,000

This is the only notice you will receive.

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

THIS IS A
CALENDAR YEAR
TAX NOTICE

TOTALS 722.80 806.78

944-56-870 6

0028292 01 AV 0.293 **AUTO TS 0 0786 85635-274240

CLOUD 9 WATER CO INC
JEAN MITCHELL/MANAGER
96 BEL AIRE PLACE, SUITE 140
SIERRA VISTA AZ 85635-2742

PAYMENT INSTRUCTIONS

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Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

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PARCEL NUMBER
ON YOUR CHECK.

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

2006 PROPERTY TAX NOTICE

ARIZONA

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE	2006 TAX SUMMARY	
944-56-830B 8	6830	6.8648	2.4362		PRIMARY PROPERTY TAX	168.20
ASSESSMENT					LESS STATE AID TO EDUCATION	0.00
	VALUE IN DOLLARS	ASST %	ASSESSED VALUE	EXEMPTIONS	TAX RATE	NET ASSESSED
PRIMARY LAND, BLDGS, ETC	10,000	24.5	2,450	0	6.8648	168.20
PRIMARY PERSONAL PROPERTY	0	0.0	0	0	0.0000	0.00
PRIMARY TOTALS	10,000		2,450	0		168.20
SECONDARY LAND	10,000	24.5	2,450	0	2.4362	59.68
SECONDARY BLDGS, ETC	0	0.0	0	0	2.1765	0.00
SEC. PERSONAL PROPERTY	0	0.0	0	0	0.0000	0.00
SECONDARY TOTALS	10,000		2,450	0		59.68
					TOTAL TAX DUE FOR 2006	227.88

0117589	ACREAGE: .20	JURISDICTION	2006 TAXES	2005 TAXES
SITUS ADDRESS: NULL		02000 COCHISE COUNTY	71.45	73.43
LEGAL DESCRIPTION:		04155 CTY SIERRA VISTA	3.52	3.59
TOTAL VALUE OF OPERATING PROPERTY		05068 SV SD #68	67.65	80.86
107-50-287-B 5,000 107-50-		06104 SIERRA VISTA UHS	29.07	47.56
309-D 5,000		08150 JUNIOR COLLEGE	43.78	44.67
		11900 FIRE DIST ASST	2.25	2.24
		14900 LIBRARY DIST	3.80	3.88
		15000 FLOOD CONTROL	6.36	6.49
		02001 SCH EQUALIZATION	0.00	10.90

This is the only notice you will receive.

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

THIS IS A
CALENDAR YEAR
TAX NOTICE

TOTALS 227.88 273.62

944-56-830B 8

0028291 01 AV 0.293 **AUTO T5 0 0786 85635-274240

CLOUD 9 WATER CO INC
JEAN MITCHELL/MANAGER
96 BEL AIRE PLACE, SUITE 140
SIERRA VISTA AZ 85635-2742

PAYMENT INSTRUCTIONS

To pay the 1st half installment, send the 1st half coupon with your payment postmarked no later than Nov. 1, 2006. To pay the 2nd half installment, send the 2nd half coupon with your payment postmarked no later than May 1, 2007. To pay taxes for the full year if the entire amount billed exceeds \$100, send the 1st half coupon with your payment postmarked no later than Dec. 31, 2006. Delinquent interest will be waived.

Make your check payable to and mail to:

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

PLEASE INCLUDE YOUR
PARCEL NUMBER
ON YOUR CHECK.

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

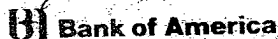
1764

CLOUD 9 WATER COMPANY, INC.

90 RAINBOW WAY 458-5855
SIERRA VISTA, AZ 85635

91-170/1221

Pay to the order of Cochise County Treasurer \$ 877.23
Eight hundred seventy seven & ²³/₁₀₀ Dollars



Sierra Vista Branch 08524
3148 E. Fry Blvd.
Sierra Vista, AZ 85635
257-0001 In Phoenix, 1-800-284-8491 Nationwide

For

L. Jean Mitchell

11-001764 1:1221017061:

073 784 184

0000087723

21337224 122100024
PAY TO THE ORDER OF
019 BANK ONE 01

-228 506

FOR DEPOSIT ON
MARSHA BONHAM TREASURY
TAX COLLECTOR - COCHISE COUNTY

ISS DATE 03/01/06
03/01/06 03:54:49Z PM1

FORT WORTH, TX 76102-8006
▶ 1119013314

1119013314 1119013314

2005 1075029200 2 000000050208400000026042

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee, AZ 85603-2778



021075029200700000026042



TO PAY 2ND HALF PAY 1 260.42

Payment in U.S. FUNDS ONLY
Marsha Bonham
Cochise County Treasurer
Make check payable to:

DETACH AND RETURN WITH PAYMENT

2005 SECOND HALF PAYMENT COUPON

MOONGLOW REAL ESTATE LLC
Due March 1, 2006

7 50 292 7

Delinquency Date Second Half Payment
Finally for late payment is 16% per year
ated monthly as of the 1st day of the month
r payments postmarked after 5:00 P.M.
ay 1, 2006 (ARS 42-18052 and ARS 42-8053).

2005 PROPERTY TAX NOTICE Cochise County ARIZONA

BOOK	MAP	PARCEL	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE	2005 TAX SUMMARY	
107	50	292 7	6830	8.4133	2.5308		PRIMARY PROPERTY TAX	384.16
							LESS STATE AID TO EDUCATION	0.00
							NET PRIMARY PROPERTY TAX	384.16
							SECONDARY PROPERTY TAX	136.68
							SPECIAL DISTRICT TAX	0.00
							TOTAL TAX DUE FOR 2005	520.84

030224	JURISDICTION	2005 TAXES	2004 TAXES	DIFFERENCE
	Cochise County	134.12	121.93	12.19
35MIN E270.1' N25DEG 25MIN E197.58' N16DEG 44MI	Sch Equalization	19.90	18.93	0.97
IN NE4 BY WAB BEG 1021.87'S & S50DEG 34MIN W95' F	Cty Sierra Vista	6.55	6.23	0.32
ROM NE COR OF NE4 THN N38DEG 21MIN W157.45'	SV SD #68	157.19	182.93	-25.74
S52DEG 47MIN W292.16' S10DEG 45MIN W130' TH N4	Sierra Vista UHS	94.25	105.67	-11.42
9DEG 00MIN W25' M/L S10DEG 45MIN W240' M/L	Junior College	81.59	74.17	7.42
S43DEG 49MIN W455.23' N65DEG 36MIN E262.8' N60DEG	Fire Dist Asst	4.84	5.40	-0.56
	Library Dist	8.38	8.38	0.00
	Flood Control	14.02	14.02	0.00

This is the only notice you will receive.

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee, AZ 85603-2778

THIS IS A
CALENDAR YEAR
BILL

TOTALS 520.84 537.66 -16.82

0038823 01 AV 0.278 **AUTO T5 0 0784 85635-372511



MOONGLOW REAL ESTATE LLC
111 MOON GLOW
SIERRA VISTA AZ 85635-3725

PAYMENT INSTRUCTIONS

To pay the 1st half installment, send the 1st half coupon with your payment postmarked no later than Nov. 1, 2005. To pay the 2nd half installment, send the 2nd half coupon with your payment postmarked no later than May 1, 2006. To pay taxes for the full year, send the 1st half coupon with your payment postmarked no later than Dec. 31, 2005. Delinquent interest will be waived.

Make your check payable to and mail to:

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee, AZ 85603-2778

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

PLEASE INCLUDE YOUR
PARCEL NUMBER
ON YOUR CHECK.

C-9 Water Co
old insurance

1/2
LK 1744

1075029300 2 00000015320000007661

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee, AZ 85603-2778



02107502930000000000007661



TO PAY 2ND HALF PAY 1 76.61

Marsha Bonham
Cochise County Treasurer
Make check payable to:
Payment in U.S. FUNDS ONLY

DETACH AND RETURN WITH PAYMENT

MOONGLOW REAL ESTATE LLC
March 1, 2006

Delinquency Date Second Half Payment
Monthly for late payment is 16% per year
created monthly as of the 1st day of the month
payments postmarked after 5:00 P.M.
March 1, 2006 (ARS 42-18052 and ARS 42-1053).

2005 PROPERTY TAX NOTICE Cochise County ARIZONA

PARCEL #			AREA	PRIMARY TAX RATE PER	SECONDARY TAX RATE PER	IRRIGATION DISTRICT	2005 TAX SUMMARY	
BOOK	MAP	PARCEL	CODE	\$100 ASSESSED VALUE	\$100 ASSESSED VALUE	\$ PER ACRE		
107	50	293	0 6830	8.4133	2.5308		PRIMARY PROPERTY TAX	117.78
ASSESSMENT			VALUE IN DOLLARS	ASSESSMENT RATIO	ASSESSED VALUE IN DOLLARS	EXEMPTIONS	NET ASSESSED VALUE	LESS STATE AID TO EDUCATION
LIMITED			8,750	16.0	1,400	0	1,400	0.00
FULL CASH			8,750	16.0	1,400	0	1,400	35.44
PERSONAL PROPERTY			0	0.0	0	0	0	0.00
LAND			8,750	16.0	1,400	0	1,400	
BLOODS, ETC			0	0.0	0	0	0	TOTAL TAX DUE FOR 2005
								153.22

2005 9445683002 2 00000002736200000013681

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee, AZ 85603-2778



029445683002800000013681



TO PAY 2ND HALF PAY 136.81

Payment in U.S. FUNDS ONLY
Marsha Bonham
Cochise County Treasurer
Make check payable to:

DETACH AND RETURN WITH PAYMENT

2005 SECOND HALF PAYMENT COUPON

Due March 1, 2006

4 56 830B 8 115027
CLOUD 9 WATER CO INC

Penalty for late payment is 16% per year
or payments postmarked after 5:00 P.M.
on 1/1/2006 (ARS 42-18052 and ARS 42-
8053).

2005 PROPERTY TAX NOTICE Cochise County ARIZONA

BOOK	PARCEL #	MAP	PARCEL	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$PER ACRE	2005 TAX SUMMARY	
944	56	830B	8	6830	8.4133	2.5308		PRIMARY PROPERTY TAX	210.34
								LESS STATE AND LOCAL EXEMPTIONS	0.00
								NET PRIMARY PROPERTY TAX	210.34
								SECONDARY PROPERTY TAX	63.28
								SPECIAL DISTRICT TAX	0.00
								TOTAL TAX DUE FOR 2005	273.62

ASSESSMENT	VALUE IN DOLLARS	ASSESSMENT RATIO	ASSESSED VALUE IN DOLLARS	EXEMPTIONS	NET ASSESSED VALUE	JURISDICTION	2005 TAXES	2004 TAXES	DIFFERENCE	
LIMITED	10,000	25.0	2,500	0	2,500	Cochise County	73.43	73.43	0.00	
FULL CASH	10,000	25.0	2,500	0	2,500	Sch Equalization	10.90	11.40	-0.50	
PERSONAL PROPERTY	0	0.0	0	0	0	Cty Sierra Vista	3.59	3.75	-0.16	
LAND	10,000	25.0	2,500	0	2,500	SV SD #68	80.86	100.52	-19.66	
BILDS, ETC	0	0.0	0	0	0	Sierra Vista UHS	47.56	56.46	-8.90	
							Junior College	44.67	44.67	0.00
							Fire Dist Asst	2.24	2.50	-0.26
							Library Dist	3.88	3.88	0.00
							Flood Control	6.49	6.49	0.00
							TOTALS	273.62	303.10	-29.48

TOTAL VALUE OF OPERATING PROPERTY
107-50-287-B 5,000 107-50-
309-D 5,000

This is the only notice you will receive.

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee, AZ 85603-2778

THIS IS A
CALENDAR YEAR
BILL

0041336 01 AV 0.278 **AUTO T7 0 0784 85635-274240



CLOUD 9 WATER CO INC
URSULA GUTTRY/MCE PRESIDENT
96 BELAIRE PLACE, SUITE 140
SIERRA VISTA AZ 85635-2742

PAYMENT INSTRUCTIONS

To pay the 1st half installment, send the 1st half coupon with your payment postmarked no later than Nov. 1, 2005. To pay the 2nd half installment, send the 2nd half coupon with your payment postmarked no later than May 1, 2006. To pay taxes for the full year, send the 1st half coupon with your payment postmarked no later than Dec. 31, 2005. Delinquent interest will be waived.

Make your check payable to and mail to:

Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee, AZ 85603-2778

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

PLEASE INCLUDE YOUR
PARCEL NUMBER
ON YOUR CHECK.

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

APR 13 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<u>COCHISE</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>NICHOLAS J. NOVASIC, PRESIDENT</u>
COMPANY NAME
<u>CLOUD NINE WATER COMPANY, INC.</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2006</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Nicholas J. Novasic X Nov
SIGNATURE OF OWNER OR OFFICIAL

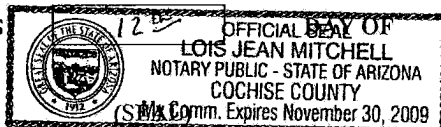
520-453 1311

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



COUNTY NAME
<u>Cochise</u>
MONTH
<u>APRIL</u>
<u>2007</u>

Lois Jean Mitchell

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES Nov. 30, 2009

COMPANY NAME CLOUD NINE WATER COMPANY, INC. YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	LOSS	<u>(19,475)</u>
Estimated or Actual Federal Tax Liability		<u>0</u>
State Taxable Income Reported	LOSS	<u>(19,475)</u>
Estimated or Actual State Tax Liability		<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>N/A</u>
Amount of Gross-Up Tax Collected	<u>N/A</u>
Total Grossed-Up Contributions/Advances	<u>N/A</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

<u><i>Nicholas J. Novasic</i></u> ^{+ nov}	<u>4/9/07</u> ^X
SIGNATURE	DATE
<u>NICHOLAS J. NOVASIC</u>	<u>PRESIDENT</u>
PRINTED NAME	TITLE

RECEIVED

APR 13 2007

AZ CORP COMM
Director Utilities

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>COCHISE</u>
NAME (OWNER OR OFFICIAL) TITLE <u>NICHOLAS J. NOVASIC</u>
COMPANY NAME <u>CLOUD NINE WATER COMPANY, INC.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2006</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 16,499

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 1,787
IN SALES TAXES BILLED, OR COLLECTED)

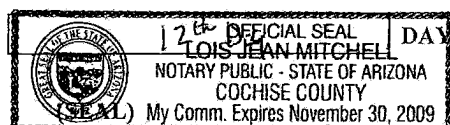
**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

Nicholas J. Novasic X¹¹
SIGNATURE OF OWNER OR OFFICIAL
520-458 1311
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



COUNTY NAME	<u>Cochise</u>	
MONTH	<u>April</u>	<u>2007</u>

Lois Jean Mitchell
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES Nov. 30, 2009

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

RECEIVED

APR 13 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) COCHISE	
NAME (OWNER OR OFFICIAL) NICHOLAS J. NOVASIC	TITLE PRESIDENT
COMPANY NAME CLOUD NINE WATER COMPANY, INC.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 16,499.

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 1,787

IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Nicholas J. Novasic X
SIGNATURE OF OWNER OR OFFICIAL

520-458 1311
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

12

DAY OF

(SEAL)



MY COMMISSION EXPIRES

Nov. 30, 2009

NOTARY PUBLIC NAME Lois Jean Mitchell	
COUNTY NAME Cochise	
MONTH April	2007

X *Lois Jean Mitchell*
SIGNATURE OF NOTARY PUBLIC